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IN THE

Supreme Court of the United States

OCTOBER TERM, 1963

No. 885

DROP DEAD CO., INC., A CORPORATION DOING BUSINESS AS PARAMOUNT CHEMICAL CO., AND PARAMOUNT SALES CO.; WESTERN FILLING CORP., A CORPORATION; FRANK G. MARSHALL, HUGH G. MARSHALL AND JAMES G. CHRISTENSON,

Petitioners,

vs.

S. C. JOHNSON & SON, INC., A CORPORATION,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

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THE GUNTHORP-WARREN PRINTING COMPANY, CHICAGO

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RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

OPINIONS BELOW.

The opinion of the District Court denying petitioners' motion for summary judgment or to dismiss for lack of jurisdiction (Appendix I of this Brief) is reported at 201 F. Supp. 442 (R. 52). The post trial opinion of the District Court finding copyright infringement, trademark infringement and unfair competition (Appendix A of Petition) is reported at 210 F. Supp. 816 (R. 58). The affirming opinion of the Court of Appeals for the Ninth Circuit (Appendix B of Petition) is reported at 326 F. 2d 87 (R. 282).

JURISDICTION.

The judgment of the Court of Appeals was entered on December 3, 1963 (R. 296). The jurisdiction of this Court is invoked under 28 U. S. C. § 1254(1).

QUESTIONS PRESENTED.

The questions stated by petitioners are not in accordance with the record and are not presented by this action. The only questions actually presented are:

1. When respondent has created and developed an original label at substantial expense, has properly secured a copyright for that label, and when petitioners have admitted the validity of the copyright, do not contest the finding of deliberate copying and have offered no evidence to rebut the validity of the copyright, is respondent's label entitled to copyright protection?

2. When respondent's trademark is validly registered in the United States Patent Office; when petitioners' trademark has been used in interstate commerce; when use of petitioners' trademark has been shown to affect interstate commerce; when the parties are of diverse citizenship and the value of the right for which protection is sought exceeds ten thousand dollars; and when an unfair competition claim is related to substantial claims under the Trademark and Copyright Acts, does the District Court have jurisdiction over respondent's claims of trademark infringement and unfair competition?

3. When an interlocutory judgment granting an injunction is appealed, does the Court of Appeals have jurisdiction to consider possible monetary awards as to which no final judgment has been entered?

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STATUTES INVOLVED.

The following provisions of the Copyright Act, the Lanham Trademark Act and the Judicial Code (set forth in Appendix II hereto) are involved in the Petition:

15 U. S. C. §§ 1117, 1121, 1127.
17 U. S. C. §§ 5(k), 101.
28 U. S. C. §§ 1291, 1292(a)(1), 1332(a), 1338.

STATEMENT OF THE CASE.

A. The Facts.

This is an action for copyright infringement, trademark infringement and unfair competition. Respondent's copyright infringement claim arises out of petitioners' copying the label used by respondent for its PLEDGE aerosol furniture wax (R. 8-9, 62). The trademark infringement claim arises out of petitioners' adoption and use of the trademark PROMISE for an aerosol furniture wax, with intent to trade on respondent's good will, and the resulting likelihood of purchaser confusion as to source (R. 13-16, 61-65). The unfair competition claim arises out of petitioners' deliberate copying and the confusion caused by the similarity in labels (R. 10-12, 61-65). On the opposite page is a representation of the front view of respondent's PLEDGE product and petitioners' PROMISE product as marketed at the commencement of this action.

Respondent is a Wisconsin corporation, popularly referred to as "Johnson's Wax" (Findings of Fact 1, 8 R. 58, 59; R. 5, 94-95). Respondent's business consists of the manufacture, distribution and sale of a wide variety of household products (Finding of Fact 8, R. 59; R. 86).

On January 31, 1958, respondent began using the trademark PLEDGE, and on March 15, 1958, respondent adopted

its present PLEDGE label and began marketing its PLEDGE furniture wax and polish in an aerosol can (Findings of Fact 9, 11, R. 59, 60; R. 87-88). Respondent registered its PLEDGE trademark in the United States Patent Office on October 21, 1958 (Finding of Fact 10, R. 59; R. 28, PX T-11, R. 250a). Respondent's copyright of its PLEDGE label has been secured, and a copyright certificate was duly issued to respondent by the Register of Copyrights (Finding of Fact, 15, R. 60; R. 28; PX T-13, R. 250b).

The PLEDGE label was created and developed for respondent by Lippincott and Margulies, Inc., a prominent New York firm specializing in packaging and label design, at an expense of almost $8,000 to respondent (Finding of Fact 12, R. 60; R. 131-142; PX T-23, T-24, T-25, R. 252-256). The textual material on the PLEDGE label was written by respondent's advertising agency, Benton and Bowles (Finding of Fact 13, R. 60; R. 111).

Since first adopting its trademark PLEDGE, respondent has sold many millions of dollars of PLEDGE aerosol furniture wax (PX T-15, R. 251), and respondent has spent millions of dollars in advertising its PLEDGE name (PX T-19, R. 252).

Petitioner, Drop Dead Co., Inc., is a California corporation engaged in the distribution and sale of various household products (Findings of Fact 2, R. 58; R. 20, 144). The individual petitioners are the officers and sole owners of petitioner, Drop Dead Co., Inc. (Findings of Fact 3-5, R. 58-59; R. 28). Petitioner, Western Filling Corporation, is a California corporation which filled and labeled the PROMISE aerosol containers (Findings of Fact 6, 28, R. 59, 63; R. 20, R. 159-163).

On or about July 20, 1959, petitioners began using the trademark PROMISE and a label copied from respondent's

copyrighted PLEDGE label (Findings of Fact 21-25, R. 61-62; R. 258, 260). After commencement of this action petitioners modified their label but continued to use the trademark PROMISE (Finding of Fact 27, R. 63; R. 228, 234, DX H).

B. The Decisions of the District Court.

Prior to trial petitioners moved: (1) for summary judgment on respondent's copyright claim alleging defects in the copyright notice; and (2) to dismiss respondent's unfair competition and trademark infringement claims for lack of jurisdiction (R. 46-51). In a memorandum opinion, reported at 201 F. Supp. 442 (R. 52-54), Judge Hall denied petitioners' motions and held that the District Court had jurisdiction over all claims in the complaint.

The trial judge, Judge Yankwich, likewise concluded that the District Court had jurisdiction (R. 65). In an opinion reported at 210 F. Supp. 816 (R. 55), the Court also found that petitioners deliberately copied respondent's PLEDGE label (Finding of Fact 25, R. 62), that petitioners adopted and used the trademark PROMISE for the purpose of trading upon the good will built up in respondent's PLEDGE trademark (Finding of Fact 29, R. 63), and that petitioners' use of PROMISE caused actual confusion of purchasers and was likely to continue to cause confusion of purchasers (Findings of Fact 31-35; R. 63-64). The Court held that petitioners were guilty of trademark infringement, copyright infringement and unfair competition (R. 65-66). Petitioners were enjoined from using the trademark PROMISE and their original label (R. 67-68). The Court further held that respondent is entitled to recover from petitioners statutory damages for copyright infringement, an accounting of profits for trademark infringement and unfair competition, reasonable attorneys' fees, and

costs (R. 66-67), these monetary awards to be determined after appeal from the interlocutory judgment order.

C. The Decision of the Court of Appeals.

On appeal to the Court of Appeals for the Ninth Circuit petitioners did not contest the District Court's Findings of Fact respecting: (1) petitioners' deliberate copying of respondent's PLEDGE label (R. 62); (2) petitioners' adoption and use of the trademark PROMISE for the purpose of trading upon the good will built up in respondent's PLEDGE trademark (R. 63); and (3) the confusion as to source which has been caused and is likely to continue to be caused by petitioners' use of PROMISE (R. 63-64).

Petitioners' arguments raised principally the issues of the validity of the copyright of respondent's PLEDGE label and the jurisdiction of the District Court. In an affirming opinion by Judge Barnes, reported at 326 F. 2d 87, the Court of Appeals held that the copyright was valid and that the District Court had jurisdiction of all counts in respondent's complaint. The Court of Appeals made no ruling regarding the possible monetary awards of the District Court, holding that it had no jurisdiction over such awards on appeal from an interlocutory judgment which did not deal with damages.

ARGUMENT.

The Petition herein raises only the issues of validity of respondent's copyright, jurisdiction of the District Court over respondent's claims of trademark infringement and unfair competition and jurisdiction of the Court of Appeals to consider monetary awards in a judgment which is not final. The principles of law applicable to these issues are well-settled by decisions of this Court and the Courts of Appeals. Contrary to petitioners' assertions, no new principles of law are presented by the petition, and no conflicts with the decisions of this Court or between the circuits exists. The case is essentially one of fact in which the facts were either found against or admitted by petitioners. It presents no issues which merit review by this Court.

I. THE COURTS BELOW FOLLOWED ESTABLISHED PRINCIPLES OF LAW IN HOLDING RESPONDENT'S COPYRIGHT TO BE VALID.

The right to grant protection to original labels rests with Congress under the Copyright Clause of the Constitution. As stated in *Mazer* v. *Stein*, 347 U. S. 201, 214 (1954):

> "Congress may after publication profect by copyright any writing of an author. Its statute creates the copyright."

Although petitioners here contend that respondent's label is not entitled to copyright protection, such labels are specifically recognized by the Copyright Act as a class of works to which copyright protection extends. Section 5 of the Copyright Act (17 U. S. C.) includes in the classification of copyrightable works: "Prints and pictorial illustrations including prints or labels used for an article of merchandise."

Since the Copyright Act encompasses the protection of labels, the only question here raised by petitioners' attack on the copyright validity of respondent's label copyright is simply whether the label contains copyrightable subject matter. Respondent proved the original creation of its label (R. 131-142), and this proof was unrebutted. The District Court found and the Court of Appeals affirmed the fact that the PLEDGE label was created and designed for plaintiff at substantial expense and was original (Findings of Fact 12-13, R. 60). These findings amply support the holding of copyright validity, since it has long been established that only some slight degree of originality is required for a valid copyright. *Bleistein* v. *Donaldson Lithographing Co.*, 188 U. S. 239, 250 (1903); *Alfred Bell & Co.* v. *Catalda Fine Arts*, 191 F. 2d 99, 102 (2d Cir., 1951); *Rushton* v. *Vitale*, 218 F. 2d 434, 435 (2d Cir., 1955).

Petitioners argue that there is a conflict between the decision of the Eighth Circuit in *Fargo Mercantile Co.* v. *Brechet & Richter Co.*, 295 Fed. 823 (1924) and the decision of the Ninth Circuit in this action. No such conflict exists. In the *Fargo Mercantile* case the Eighth Circuit affirmed a decision enjoining the copying of recipes appearing on a label and granting statutory damages and attorney's fees. It held that the recipes were entitled to copyright protection because of their originality. In the present case the Court of Appeals agreed with respondent's contention that the total embodiment of its label likewise displayed such originality as to entitle it to copyright protection, and specifically relied on the *Fargo Mercantile* decision (R. 289).

Petioners also rely on dicta in *Higgins* v. *Keuffel*, 140 U. S. 428 (1891), which indicates that a label containing the words "water proof drawing ink" without art work may not be copyrightable for lack of originality. This dicta, however, has no bearing on the present action involving an

original work which was designed and created by experts in commercial art and which has been demonstrated to have value as an artistic composition by petitioners' deliberate copying (*Bleistein v. Donaldson Lithographing Co.*, 188 U. S. 239, 252 (1903)) by the manner of its creation, (R. 131-142; PX T-23-T-25, R. 252-256), and by its commercial success (PX T-15, R. 251).

II. PETITIONERS' ATTACK ON THE JURISDICTION OF THE DISTRICT COURT RAISES NO QUESTION THAT MERITS REVIEW BY THIS COURT.

The District Court had jurisdiction of respondent's trademark infringement claim under the Lanham Trademark Act (15 U. S. C. § 1051, *et seq.*) and under diversity of citizenship (28 U. S. C. § 1332(a)). Jurisdiction over the unfair competition claim existed by virtue of diversity of citizenship and under the principles of pendent jurisdiction over such claims. 28 U. S. C. § 1338(b).

A. Trademark Infringement.

1. Jurisdiction Under the Lanham Act.

Under both the Lanham Act and the Judicial Code, the District Courts have jurisdiction of all actions arising under the trademark laws of the United States. 15 U. S. C. § 1121; 28 U. S. C. § 1338(a). Petitioners base their claim that jurisdiction did not exist under these statutes on the alleged ground that the infringing trademark was not used in interstate commerce, and that the action, therefore, did not arise under the trademark laws. Petitioners admitted, however, that they made a shipment of PROMISE in interstate commerce for federal trademark registration purposes (R. 152), and such a shipment suffices to confer jurisdiction under the trademark act. *New England Duplicating Co. v. Mendes*, 190 F. 2d 415, 417 (1st Cir., 1951);

Admiral Corp. v. *Penco, Inc.*, 203 F. 2d 517, 520 (2d Cir., 1953); *Miles Laboratories, Inc.* v. *Frolich*, 195 F. Supp. 256, 257 (S. D. Cal., 1961), affirmed *per curiam* 296 F. 2d 740 (9th Cir., 1961).

Petitioners now recant their use in interstate commerce and claim it was not *bona fide* since it was made only for the purpose of procuring a registration. The trademark statute, however, extends to all actual use in interstate commerce and recognizes no distinction for use made to secure a registration. The intent of the Lanham Act is stated to be to reach "all commerce which may lawfully be regulated by Congress" 15 U. S. C. § 1127. Use in commerce is defined so as to include the shipment made by petitioners (15 U. S. C. § 1127):

> "'For the purposes of this chapter a mark shall be deemed to be used in commerce (a) on goods when it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto and the goods are sold or transported in commerce . . .'"

Moreover, petitioners' present claim that their use was not *bona fide* is rebutted by their earlier admission that they intended to use the trademark PROMISE in interstate commerce (R. 262).

Even were respondent's mark not used in commerce, jurisdiction would exist under the trademark act, since petitioners' infringing use affects interstate commerce. *Dawn Donut Company* v. *Hart's Food Stores, Inc.*, 267 F. 2d 358, 365 (2d Cir., 1959); *Lyon* v. *Quality Courts United, Inc.*, 249 F. 2d 790, 795 (6th Cir., 1957). The power of Congress to regulate intrastate activity which affects interstate commerce is now beyond question. *Mandeville Island Farms Inc.* v. *American Crystal Sugar Co.*, 334 U. S. 219, 232-237 (1948). The District Court found that petitioners' use of PROMISE affects commerce by affecting sales of

PLEDGE (Finding of Fact 23, R. 62), and this Finding was affirmed by the Court of Appeals. Petitioners' argument that, because its sales at the time of filing the complaint were only $7,000 it could not have affected commerce, is without merit. As this Court held in *NLRB* v. *Fainblatt*, 306 U. S. 601, 606 (1939):

> "The power of Congress to regulate interstate commerce is plenary and extends to all such commerce be it great or small."

2. Diversity Jurisdiction.

Petitioners attack the District Court's diversity jurisdiction (28 U. S. C. § 1332(a)) with the claim that diversity was not established. The agreed Pre-Trial Conference Order, which expressly supplements the pleadings (R. 42), states, however, that:

> "(F) Plaintiff and all defendants are of diverse citizenship." (R. 28.)

With this admission of record, no further proof of diversity was necessary. An express averment of diversity of citizenship which appears anywhere in the record is sufficient to establish federal jurisdiction. *Sun Printing & Publishing Ass'n* v. *Edwards*, 194 U. S. 377, 382 (1904).

Petitioners also claim that the amount in controversy herein is less than $10,000. Petitioners, however, agreed in the Pre-Trial Conference Order that:

> "(G) The value of the exclusive right to the use of plaintiff's Pledge trademark and label is far in excess of ten thousand Dollars ($10,000), exclusive of interest and costs." (R. 28.)

In addition, respondent's advertising and sales figures show that the value of the good will attached to the PLEDGE trademark is far in excess of $10,000 (PX T-15, R. 251; PX T-19, R. 252). Moreover, the statutory damages and

accounting of profits sought by respondent alone place more than ten thousand dollars in controversy, since respondent has a claim to recover one dollar in statutory damages for each of fifty thousand copies (17 U. S. C. § 101(b)), and respondent also has a claim to recover profits and damages for trademark infringement and unfair competition. 15 U. S. C. § 1117. *Hamilton-Brown Shoe Co.* v. *Wolf Brothers & Co.*, 240 U. S. 251, 259 (1916). The potential value of this recovery is far in excess of ten thousand dollars.

Petitioners' argument appears to be based upon the assumption that the amount in controversy is only the amount of its sales, but, as has been repeatedly held, the amount in controversy is determined by the value to the plaintiff of the right for which protection is sought. *Bitterman* v. *Louisville and Nashville Railroad Company*, 207 U. S. 205, 225 (1907); *Hunt* v. *New York Cotton Exchange*, 205 U. S. 322, 326 (1907): In trademark infringement actions that value is measured by the value of the good will in and exclusive right to use the trademark for which protection is sought. *Ambassador East, Inc.* v. *Orsatti, Inc.*, 257 F. 2d 79, 81 (3d Cir., 1958); *Indian Territory Oil & Gas Co* v. *Indian Territory Illuminating Oil Co.*, 95 F. 2d 711, 713 (10th Cir., 1938).

Petitioners contend that a conflict exists between the Ninth Circuit's decision in this case and earlier decisions of the Seventh Circuit in *Seagram-Distillers Corp.* v. *New Cut Rate Liquors*, 245 F. 2d 453 (7th Cir., 1957), and *The Seven-Up Company* v. *Blue Note, Inc.*, 260 F. 2d 584 (7th Cir., 1958). These cases, however, are not applicable to the present case. The *Seagram* case was a fair trade price cutting action and the *Seven-Up* case was a "passing off," or substitution of goods, action. Trademark infringement was not an issue in either action. The exclusive right to use a trademark free from infringement was not involved,

and, therefore, the entire value of the good will was held not to be in controversy.

B. Unfair Competition.

Arguing that the District Court lacked jurisdiction of this action under the Copyright Act or the Lanham Act, petitioners claim that it was improper for the District Court to consider respondent's claim of unfair competition. Contrary to petitioners' contention, however, invalidity of respondent's copyright or trademark registration would not divest the District Court of jurisdiction over a related unfair competition claim. In *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corp.*, 305 U. S. 315, 324 (1938), this Court held:

> "Unless plainly unsubstantial, the allegation of registration under the act is sufficient to give jurisdiction of the merits. In this case the trial court concluded that the invalidity of the trade-mark divested it of jurisdiction over unfair competition. This was erroneous. Once properly obtained, jurisdiction of the one cause of action, the alleged infringement of the trade-mark, persists to deal with all grounds supporting it, including unfair competition with the marked article."

In this action the allegations of infringement of respondent's copyright and trademark registrations not only were substantial, but the validity of both registrations was also admitted by petitioners during the course of the trial (R. 250).

In addition to pendent jurisdiction, the District Court had jurisdiction over the respondent's unfair competition claim because of diversity of citizenship, the amount in controversy being in excess of ten thousand dollars. 28 U. S. C. § 1332(a).

Thus, the District Court's jurisdiction over respondent's

claims for trademark infringement and unfair competition rests on at least two separate grounds for each claim. Any one of these grounds is sufficient to support federal jurisdiction of this action.

III. UNDER ESTABLISHED LAW, MONETARY AWARDS CAN ONLY BE REVIEWED AFTER FINAL JUDGMENT IS ENTERED.

The District Court held that, after its interlocutory judgment in this action had become final, hearings should be conducted before a Master to determine the amount of a monetary award to respondent consisting of statutory damages for copyright infringement, wrongful profits derived from use of the trademark PROMISE and from unfair competition, and reasonable attorneys' fees (Conclusions of Law, 8, 9 and 10, R. 66-67). Petitioners sought review of this determination in the Court of Appeals on their appeal from the interlocutory judgment. It is well settled, however, that a reference to a Master for the purpose of determining profits and damages renders a judgment interlocutory, and on appeal only the injunction is before the appellate court. *George* v. *Victor Talking Machine Co.*, 293 U. S. 377 (1934); *Reeve Music Co.* v. *Crest Records, Inc.*, 285 F. 2d 546, 547 (2d Cir., 1960); *Chappell & Co.* v. *Palermo Cafe Co.*, 249 F. 2d 77, 80 (1st Cir., 1957). The Court of Appeals, therefore, properly held that the monetary awards were not before it on this appeal (R. 295).

Petitioners assert that the Court of Appeals, in holding it was without jurisdiction to consider the monetary award matter, failed to follow the decision of this Court in *Cohen* v. *Beneficial Industrial Loan Corp.*, 337 U. S. 541 (1949). That decision, however, has no application herein, as it involved the purely collateral issue of a cost bond required by a state statute for the bringing of a stockholder's suit.

The *Cohen* case simply held that, in a small class of cases, where rights separable from and collateral to the rights asserted in the action are finally determined, an appeal need not await final determination of the action. Under no circumstances could the right to recover damages for redress of torts, as in the present case, be considered "collateral" to the action.

The amount of damages and profits to be awarded has not yet been computed, and no judgment on the monetary awards has been entered. The appeal here was taken under 28 U. S. C. § 1292(a)(1), which authorizes appeals from interlocutory injunction orders, but which makes no provision for appeals from monetary awards. Such awards are within the general rule that, unless a statutory exception is created, only final judgments are appealable, in accordance with 28 U. S. C. § 1291. *Baltimore Contractors, Inc. v. Bodinger*, 348 U. S. 176, 178-179 (1955). As stated in the *Cohen* case (337 U. S. at 545):

> "Title 28 U. S. C. § 1291 provides, as did its predecessors, for appeal only 'from all final decisions of the district courts,' except when direct appeal to this Court is provided. Section 1292 allows appeals also from certain interlocutory orders, decrees and judgments, not material to this case except as they indicate the purpose to allow appeals from orders other than final judgments when they have a final and irreparable effect on the rights of the parties."

CONCLUSION.

Petitioner's attack on the conduct of the Court of Appeals is so improper and without merit that it deserves no rebuttal other than a reference to the well-reasoned opinion of that Court. For the foregoing reasons respondent requests that the petition for a writ of certiorari be denied.

Respectfully submitted,

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APPENDIX I.

OPINION OF DISTRICT COURT DENYING MOTION FOR SUMMARY JUDGMENT OR TO DISMISS FOR LACK OF JURISDICTION.

S. C. Johnson & Son, Inc.,

Plaintiff,

vs.

Drop Dead Co., Inc.,

Defendant.

No. 1113-59-PH.
United States District Court
S. D. California,
Central Division.
Dec. 26, 1961.

Hall, *Chief Judge.*

Defendants' Motion for Summary Judgment on plaintiff's First Cause of Action (copyright infringement of its label "Pledge") is made on the ground that plaintiff had distributed advertising placards to grocers throughout the United States with a picture of its cans of "Pledge" which did not have the copyright symbol on them (an admitted fact), and that such acts constitute a publication and dedication to the public so as to void the copyright.

The facts here do not, in my judgment, fall within the ambit of either *Advertising Exchange, Inc.* v. *Witten Hdw. Co., Inc.* (D. C. Mo. 1942), 50 F. Supp. 137 (matrices), or *Metro Associated Services* v. *Webster City Graphic* (D. C. Iowa 1953), 117 F. Supp. 224 (mats and other newspaper material), or *Alfred Bell & Co.* v. *Catalda Fine Arts* (D. C.

N. Y. 1947), 74 F. Supp. 973, 974, modified and affirmed 2 Cir., 191 F. 2d 99 (mezzotints), in that in each of those cases, it was the copyrighted material which was the product and which, itself, was sold, whereas here, the product sold is not the label, i.e., the copyrighted thing, but the contents of the can upon which the label "Pledge" appears.

Rather, this case comes more nearly within the reasoning of *Rushton* v. *Vitale* (C. A. 2d 1955), 218 F. 2d 434, where the doll "Zippy" was copyrighted but an illustration of it was published in a Trade Journal, which illustration did not carry the copyright notice in the Trade Journal. The Court held that such illustrations were publications only for the limited purpose of drawing the product to the trades' attention, and did not constitute a dedication.

From the facts as they stand now, I cannot say, as a matter of law, that the admitted distribution of the placard is sufficient dedication to the public to void the copyright.

Defendant makes a Motion for Summary Judgment on plaintiff's Second Cause of Action for unfair competition.

In view of the fact, as above noted, that the plaintiff has a substantial claim under the copyright laws, and in view of the fact that the pleadings and admissions show that it is a related claim to the Second Cause of Action, defendant's Motion for Summary Judgment or for Judgment on the pleadings is denied as to the Second Cause of Action, under the provisions of 28 U. S. C. § 1338(b).

Defendant moves for a Summary Judgment or dismissal of plaintiff's Third Cause of Action for infringement of its trademark which is registered under the Lanham Act, 15 U. S. C. A. § 1051 et seq., and the laws of California, on the ground: (a) that competition between the plaintiff and defendant is purely intrastate, and therefore the Lanham Act does not apply; and (b) that the jurisdictional amount is absent in a diversity of citizenship case.

As to the first ground, viz: intrastate sales, it is a misconception that actual sales by an infringer must be made in interstate commerce before the Lanham Act applies. It is not the actual sales made in interstate commerce, but the effect of them which is the norm to be applied. *Lyon v. Quality Courts United* (C. A. 6th 1957), 249 F. 2d 790 at 795.

As to the amount necessary to satisfy the jurisdictional prerequisite that the controversy equals or exceeds $10,000, it must be kept in mind that many factors may enter into the determination of this amount; and considerations of the judicial process which, in this instance, will require a trial on the merits as to plaintiff's First and Second Causes of Action, require also, the denial of the Motion for Summary Judgment or dismissal of plaintiff's Third Cause of Action to await proof in the plenary trial.

The Motions of defendant for Summary Judgment, or in the alternative, for Judgment on the pleadings, are therefore denied.

Counsel will notice the matter on the Court's calendar for any Monday to secure a setting date if the case is now ready for trial.

APPENDIX II.

15 U. S. C. 1117:

"When a violation of any right of the registrant of a mark registered in the Patent Office shall have been established in any civil action arising under this Act, the plaintiff shall be entitled, subject to the provisions of sections 29 and 31(1)(b), and subject to the principles of equity, to recover (1) defendant's profits, (2) any damage sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty."

15 U. S. C. 1121:

"The district and territorial courts of the United States shall have original jurisdiction and the courts of appeal of the United States shall have appellate jurisdiction, of all actions arising under this chapter, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties."

17 U. S. C. 5:

"The application for registration shall specify to

which of the following classes the work in which copyright is claimed belongs:

"(a) Books, including composite and cyclopedic works, directories, gazetteers, and other compilations.

"(b) Periodicals, including newspapers.

"(c) Lectures, sermons, addresses (prepared for oral delivery).

"(d) Dramatic or dramatic-musical compositions.

"(e) Musical compositions.

"(f) Maps.

"(g) Works of art, models or designs for works of art.

"(h) Reproduction of a work of art.

"(i) Drawings or plastic works of a scientific or technical character.

"(j) Photographs.

"(k) Prints and pictorial illustrations including prints or labels used for articles of merchandise.

"(l) Motion-picture photoplays.

"(m) Motion pictures other than photoplays.

"The above specifications shall not be held to limit the subject matter of copyright as defined in section 4 of this title, nor shall any error in classification invalidate or impair the copyright protection secured under this title."

17 U. S. C. 101:

"If any person shall infringe the copyright in any work protected under the copyright laws of the United States such person shall be liable:

"(a) Injunction.—To an injunction restraining such infringement;

"(b) Damages and Profits; Amount; Other Remedies.—To pay to the copyright proprietor such damages as the copyright proprietor may have suffered due to the infringement, as well as all the profits which the infringer shall have made from such infringement, and in proving profits the plaintiff shall be required to prove sales only, and the defendant shall be required to prove every element of cost which he claims, or in lieu of actual damages and profits, such damages as to

the court shall appear to be just, and in assessing such damages the court may, in its discretion, allow the amounts as hereinafter stated,

"Second. In the case of any work enumerated in section 5 of this title, except a painting, statue, or sculpture, $1 for every infringing copy made or sold by or found in the possession of the infringer or his agents or employees. . . ."

28 U. S. C. 1291:

"The courts of appeals shall have jurisdiction of appeals from all final decisions of the district courts of the United States, the District Court for the Territory of Alaska, the United States District Court for the District of the Canal Zone, and the District Court of the Virgin Islands, except where a direct review may be had in the Supreme Court."

28 U. S. C. 1292:

"(a) The courts of appeals shall have jurisdiction of appeals from:

"(1) Interlocutory orders of the district courts of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, and the District Court of the Virgin Islands, or of the judges thereof, granting, continuing, modifying, refusing or dissolving injunctions, or refusing to dissolve or modify injunctions, except where a direct review may be had in the Supreme Court: . . ."

28 U. S. C. 1332:

"(a) The district courts shall have original jurisdiction of all civil actions where the matter in controversy exceeds the sum or value of $10,000, exclusive of interest and costs, and is between—

"(1) citizens of different States: . . .

"(c) For the purposes of this section and section 1441 of this title, a corporation shall be deemed a citizen of any State by which it has been incorporated and of the State where it has its principal place of business."

28 U. S. C. 1338:

"(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trademarks. Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases.

"(b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent or trade-mark laws."